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GUATEMALA FOR HR OFFICER TROY FITRELL
STATE PASS TO USDOL FOR MARK MITTELHouser, LAURA BUFFO,
TINA MCCARTER
DRL FOR GABRIELLA RIGG

E.O. 12958: N/A

TAGS: ELAB EINV PGOV PHUM PINS PE

SUBJECT: PERU LABOR LEADERS ON LOURDES/HUMALA, FTA, LABOR,S
WOES

REF: A. LIMA 658

- 1B. 05 LIMA 5192
- 1C. 05 LIMA 3778
- 1D. 04 LIMA 405

Summary:

11. Peruvian labor leaders reject both candidates Lourdes Flores Nano and Ollanta Humala as too extreme, a situation that could create an opportunity for APRA candidate Alan Garcia were he to take up the cause of the proposed General Labor Law (Ref C). A labor rep from Arequipa described her region as solid for Humala. Along with concerns over the election, labor leaders are anxious about the FTA, technological change, and divisions within their own movement. While Peru's labor movement is undertaking efforts to organize the informal sector and agricultural workers in booming agro-export enterprises, big labor has a long way to go if it is to recover even a portion of its former place in Peru's economic and social life. End Summary.

12. Peruvian labor leaders from a variety of union federations gathered at the DCM's residence to discuss presidential politics, the FTA and the challenges facing their sector on 2/9 in the third annual Embassy event for labor leaders (Ref D), which included the participation of the POL and ECON Sections and Junior Officers from the Consular Section. Members of three of Peru's top four labor federations attended, including representatives of the General Confederation of Peruvian Workers (CGTP, left-oriented, 1.5-2 million members); the Confederation of Peruvian Workers (pro-APRA, 300,000 members); and the Unified Central of Workers of Peru (CUT Peru, social democratic, 50,000 members). Representatives from a variety of industries were present, including those from the ports, government employees, educators, telephone company employees, oil workers, and administrators in the state social security sector. In addition, both AFL-CIO Solidarity Center Head Oscar Muro and the President of Peru's National Agrarian Confederation also attended.

Politics: Fear of Extremes/Opportunity for APRA?

¶13. Labor leaders in general did not endorse any of the major candidates. They did voice strong negative opinions, however. When asked which candidate would be the worst for organized labor, they responded: Lourdes Flores Nano, the most conservative candidate running. Lourdes, party of origin, the Popular Christian Party (PPC), has had historic conflicts with the labor movement and many labor leaders consider the PPC's founder and former Lima Mayor, Luis Bedoya Reyes, to be anti-labor. (Labor leaders recall an incident in the early 1980s when the PPC allegedly assisted the management of the Chromotex textile company in a confrontation with workers that left 5 dead.) Labor leaders also consider Lourdes, choice of first Vice President, Arthur Woodman, a businessman with close ties to the Romero group, Peru's largest conglomerate, to be an indication of her inclination to favor business over labor.

¶14. A number of labor leaders also expressed strong objections to Ollanta Humala, whom they described as "another Velasco," a reference to the leftist general who ruled Peru from 1968-1973. Labor leaders related how Velasco tried to form his own unions, undercutting them. Moreover, Ollanta has snubbed the left, including CGTP General Secretary Juan Jose Gorritti, who is the First Vice Presidential candidate for the leftist "Broad Front" (Ref B). For representatives from the social democratically inclined CUT Peru or from the APRA-aligned CTP, Velasco is not a figure to admire.

¶15. AFL-CIO Solidarity Center Director Oscar Muro observed that labor leaders, fear of Lourdes and Ollanta could open an opportunity for Alan Garcia, particularly if the latter came out strongly in favor of a draft General Labor Law, an issue important to Peruvian labor leaders, that is now in Congress (Ref C). Muro felt that Valentin Paniagua was actually the best candidate for organized labor, but that his campaign has never taken off.

¶16. Garcia pitched a pro-labor message recently when he spoke at the CGTP's Sixth Annual Conference on Labor in Lima on 2/21. He accused National Unity (UN) candidate Lourdes Flores of representing "more of the same" in terms of labor issues. If elected president, Garcia promised to restore what he said were lost labor rights, beginning with giving workers the right to move from private pension systems back into the public one.

Arequipa Said Solid for Humala

¶17. One labor leader broke with the general pattern of rejecting the two leading candidates on the right and left. Reyna Isabel Concha, National Women's Secretary for the National Federation of Educational Administration Workers (FENTASE; associated with the CGTP; 25,000 members), said that she strongly supported Ollanta Humala. Concha, who hales from Arequipa, asserted &all of Arequipa is for Humala.⁸ She added that most of the people she knew had favorable opinions of both Evo Morales and Hugo Chavez.

¶18. Concha's main issue was support for education. She lamented that the two major problems facing her school are inadequate nutrition for students and lack of supplies. Students often arrive at school too tired from hunger to learn, and the school library cannot afford to purchase books that cost more than three dollars. Many students, Concha continued, also do not see the point in studying, since very little of what is taught is relevant to the job market. In this connection, she noted the short supply of computers for classrooms. Concha conceded that economic growth had benefited Arequipa, but said that she still did not like Toledo. For her, a vote for Humala was the best vehicle for her frustrations.

¶19. Comment: Concha was one of the most personable and popular of the participants in Embassy's labor event. Her observations about Arequipa track with other sources that report that area strong for Humala, a key part of his "solid south," a pro-Ollanta Humala base area that also includes Tacna and Puno (Ref A). Her support for the radical, anti-system candidate well represents why a portion of the electorate has taken to him. Ollanta Humala is a vehicle for the dissatisfactions of many aggrieved groups, in this case a frustrated school worker, a person who likely hears about positive macroeconomic growth numbers but has yet to see those reflected in her daily life or those of the students with whom she works. End Comment.

Same Sector, Same Federation, Different Unions

¶10. Concha's union represents educational workers who are not teachers, including librarians, labor directors, teacher's aides, guards, and other support staff. The powerful SUTEP teachers union represents teachers. Another educational administrator present at the event from a similar union, Fanny Grau, expressed frustration that SUTEP has had more success in winning raises for teachers than the administrators unions do for school support staff, who earn an average of USD 160/month. While the two educational administrators unions and SUTEP are members of the CGTP, they do not apparently coordinate activities. When asked about this seemingly excessive division of unions (one for teachers, two separate unions for educational support staff -- one in the north, one in the south -- all of them members of the same federation), AFL-CIO rep Oscar Muro lamented that

the labor movement has become too fragmented for its own good, the result of differences between leaders and excessive regionalism.

Continued Anxiety Over FTA

¶11. Representatives from the pro-APRA CTP, Elias Grijalba and Eleodoro Sedano, expressed regret that the Embassy had concluded its cycle of FTA outreach events. In general, Peruvian labor leaders have been pleased with the gatherings Embassy put together to explain the FTA, even if they did not agree with their content. (Note: With the FTA negotiations concluded and a presidential campaign underway, Embassy is gauging how best to promote the FTA at this juncture. End Note.)

¶12. Marcelino Juan Bustamante Lopez from Ancash, representing the National Agrarian Confederation, expressed fears as to small farmers ability to compete in a post-FTA environment. Bustamante himself is a small farmer, who raises corn on only 5 hectares. He claimed that his grandfather had owned 100 hectares, which had become divided down over the generations, a common problem in rural areas where small farmers have large families and limited landholdings.

¶13. Comment: While Peruvian labor leaders worried about the FTA, all seemed to accept it as a likely fact of life and none mentioned the possibility of a referendum, something that some in the left/labor sectors have advocated publicly. During Embassy outreach activities, labor leaders have expressed interest in programs to build up the Ministry of Labor's inspection capacity, an investment that could make an FTA more palatable to this nervous sector. End Comment.

Big Labor's Woes: Technology, Outsourcing, More Splits

¶14. Secretary General for the Telephone Workers Union (Sindicato de Telefonica, CGTP), Luis Lopez Chau described

how privatization and technological change had altered labor relations in his industry. The state Peruvian Telephone Company was privatized in 1994 when it was sold off to the Spanish firm, Telefonica. Since that time, the union's numbers have fallen from 12,000 to 3,000 due to automation and outsourcing.

¶115. At the same time, Oscar Muro estimated that the telephone company's total work force has actually increased to 18,000. These workers are hired by a number of companies, since Telefonica outsources many of the tasks associated with telecommunications (line maintenance and repair, installation, etc.) and these companies, in turn, sometimes hire temporary workers to complete needed tasks. Adding to labor's troubles, the remaining 3,000 union workers in Telefonica are now represented by two organizations: Lopez Chau's CGTP-affiliated group and another associated with the CUT. (Note: Peruvians report that telephone service has improved dramatically with privatization, greatly reducing waiting times for acquiring private phones and giving customers far better connections. End Note.)

¶116. Luis Caceres Cervantes of the Union of Social Security Workers (in the public sector) told a similar story, stating that his union had gone from 25,000 members in the pre-Fujimori era to 12,000 today. (Note: Other sources in the labor movement have told us that the social security sector had functioned as a patronage machine prior to Fujimori-era changes. End Note.)

¶117. Jose Pingo of the Petroleum Workers Union (FETRAPEP) ISP of Piura, independent) regretted that his union could not do more for workers than simply ask for wage increases. He stated that the average petroleum worker in Iquitos labors

for 14 days straight, 12 hours per day and then has ten days off. For this the employee earns about USD 600 per month. (Note: This is a sum considerably higher than the monthly minimum wage of USD 145. End Note.)

Attempts to Organize the Informals, Ag Workers

¶118. CUT President Julio Bazan spoke of his union's attempt to organize the informal sector. Small businesses, he says, have collective needs (credit, licensing, security) that unions could help them address. One problem with CUT's efforts in this area so far, however, is the fact that newly-organized informal sector members do not pay union dues, forcing the existing worker base to subsidize outreach. CGTP General Secretary Juan Jose Gorritti recently told Poloff his federation is attempting to organize agricultural workers in the booming agro-export complexes for asparagus in Ica. Gorritti claimed that the agricultural workers needed a union because their wages are low. He conceded, however, that union building among them was an uphill struggle.

Comment:

¶119. Peruvian organized labor suffers from many woes, some external, brought on by globalization and economic change, some internal, the product of division in its own ranks. Labor leaders, rejection of extremes (and Humala's rejection of the labor-left) could make them targets of opportunity for Alan Garcia. While labor membership has shrunk to only 5 percent of the work force, the major labor confederations can still mobilize large demonstrations and could provide foot soldiers for a candidate willing to support the new draft labor law, now in Congress. Longer term, labor leaders need to minimize division in their own ranks and to reach out to new population groups -- in the informal and in the growing agro-export sectors -- if their organizations are to recuperate even a measure of their former weight in Peru's economy and society.

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